

**Top Secret**

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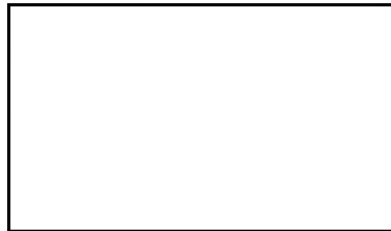
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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 3 October 1978 CG NIDC 78/231



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**NATIONAL SECURITY INFORMATION**  
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Tuesday, 3 October 1978.

The NID Cable is for the purpose of informing senior US officials.

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PALESTINIANS: Position on Lebanon

25X1 [redacted] //Fatah leader Yasir Arafat apparently is opposed to an international conference on Lebanon. Palestinian forces have avoided involvement in the current upsurge of fighting in Lebanon, but significant Christian provocations could draw them in.//

25X1 [redacted] //Arafat probably fears that the results of a conference would adversely affect the Palestinian presence in Lebanon. He is probably apprehensive that attempts would be made to restrict further Palestinian military activity in the country and thus weaken the tactical position of the Palestine Liberation Organization and reduce the organization's political leverage on the West Bank and Gaza issues.//

25X1 [redacted] //The PLO has not yet reacted to the latest round of Christian-Syrian fighting in Lebanon but over the past several months the Palestinians have avoided involvement in similar clashes, partly to avoid jeopardizing their overall position in Lebanon. In the past, the Syrians have counseled the Palestinians to stay out of the fighting.//

25X1 [redacted] //Significant Christian provocations against Palestinian positions or against their leftist Lebanese allies, however, could draw the Palestinians into the fighting. We have no indications that the Palestinians deliberately plan to stir up problems in Lebanon as a way of undermining the Camp David accords. [redacted]

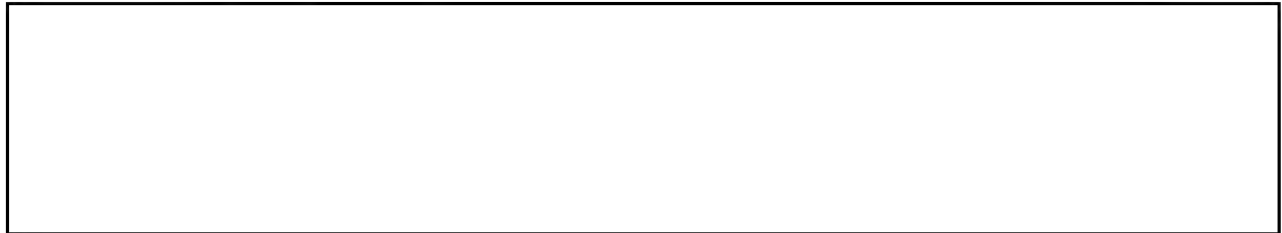
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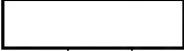
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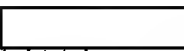


EGYPT: Sadat's New Prime Minister


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 Egyptian President Sadat's detailed public defense yesterday of the agreements he signed at Camp David is likely to boost his stock further in Egypt. His naming of Dr. Mustafa Khalil as Prime Minister should impart a new sense of direction to a bureaucracy convinced since late July that Prime Minister Salim was on his way out.

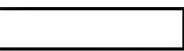
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 Sadat's speech to the People's Assembly was a hard-hitting point-by-point counterattack against critics of the Camp David agreements. Sadat attacked Syria, the Palestine Liberation Organization, and Libyan President Qadhafi most strongly; he handled Saudi Arabia and Jordan gingerly.

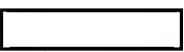
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 Sadat strongly denied abandoning the Arab position that had been outlined at the Rabat summit, and catalogued the gains for Palestinians under the agreement. He challenged rejectionist Arabs to offer realistic alternatives to what he has accomplished. Sadat acknowledged that he did not conclude a comprehensive agreement at Camp David but said the process to end the Middle East stalemate was begun.

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 The Egyptian President skillfully played on two sentiments now prominent in Egypt--the unassailability of Egypt's contribution to the Arab cause, and the right of Egypt to control its own destiny.

25X1

 The appointment of Khalil to be Prime Minister was not unexpected. The 58-year-old Khalil is a US-educated, pro-Western, economist and engineer who has been prominent in Egyptian political circles for more than 20 years. He has not been tainted by the charges of corruption and inefficiency that contributed to Salim's downfall. Khalil's most recent job has been that of Secretary General of the Arab Socialist Union, the umbrella organization that supervises the activities of all Egypt's political parties.

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[ ] Khalil's appointment should reassure Egyptian politicians who are nervous about how radical a change Sadat intends in his current political restructuring. Egyptian leftists, however, will conclude that government attacks on them will continue.

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[ ] Under Khalil, the government will probably place renewed emphasis on determining popular views. The Acting Secretary General of Sadat's new party recently criticized Salim for relying on "university professors and technocrats" instead of politicians and thereby creating a political vacuum and isolating the government from its popular base.

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[ ] In cautioning Egyptians that peace would not be translated into prosperity overnight, Sadat appeared to reflect concern over unrealistically high expectations among the lower classes. [ ]

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#### ZAIRE: Mobutu's Reform Efforts

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[ ] Zairian President Mobutu defended the pace of his reform efforts and solicited continued backing when he met last week with diplomatic representatives of Zaire's Western supporters. He attempted to separate the internal reform issue from the question of Western financial assistance for Zaire and made it clear that he would not be responsive to continued external pressure for reform.

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[ ] Mobutu made it plain that Zaire is counting on its friends to continue their support by participating in the meeting in Brussels next week to discuss rescheduling Zaire's debt and by pledging additional financial assistance. He defended his appeal for continued assistance by citing the improvements made in financial management and in implementation of internal reforms.

25X1

[ ] The Zairian President also made the point--primarily intended for the US--that he would not tolerate efforts to press him on specific issues and that he would interpret such pressure as an infringement on Zaire's sovereignty. US Ambassador Cutler has reported that, in continuing to press Mobutu for reform, the US is becoming isolated from Zaire's other Western donors.

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[ ] Mobutu referred to the "shocking" demarches made to him in June when the US had taken the strongest position in insisting on internal reform. He made it clear that he would continue to make reforms--such as the amnesty for Zairian dissidents--but said that the success of the reforms ultimately would depend on Western support of his government.

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[ ] In response to the US insistence that the conference in Brussels should be postponed until Zaire has worked out a new economic stabilization program with the International Monetary Fund, Mobutu said that Zaire has developed the major portions of a program and that the draft would be ready for consideration at the meeting. He also said that Zaire was making progress in recruiting foreign experts to oversee government budgetary and customs operations--part of the reform package insisted upon by Zaire's supporters--and that he had taken steps to curb corruption.

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[ ] During the meeting Mobutu made frequent references to human rights--obviously for US consumption. He told the diplomats that he would restore civilian rule in Shaba Region by the end of the year and that the government would this month release detainees held for security reasons in Kivu.

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[ ] Mobutu still has a long way to go. The government has done little, for example, to improve the lot of the disaffected Shaba residents it has long exploited. Neither has Mobutu done much to prevent the military from treating the civilian population harshly. [ ]

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#### EAST GERMANY: Aid Programs in LDCs

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[ ] *//East German economic credits to developing countries in the first half of 1978 totaled \$780 million, more than three times the recent annual commitment. This vigorous aid effort reflects an East German campaign to promote business and political interests in the Third World.*

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[REDACTED] //As in the past three years, East Germany distributed its economic offerings fairly evenly geographically. Some \$350 million in new economic aid went to the Middle East, \$210 million to Africa, and \$200 million to Latin America. This brings East German pledges since the beginning of 1975 to \$1.4 billion--nearly three-fourths of the total of credits the East Germans provided in the 20 years of their Third World program.//

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[REDACTED] //Most of the credits have supported East German commercial activity in the developing world. In the Middle East, which has received half of all East German commitments since 1975, the East Germans provide credits to stimulate equipment sales in a fast-expanding market area and to secure strategic commodities such as oil.//

25X1

[REDACTED] //In Latin America, East Germany is financing equipment sales obviously in hopes of correcting trade imbalances incurred by raw materials imports. Brazil, which received \$200 million in credits this year, has run trade surpluses with East Germany totaling \$150 million since 1975.//

25X1

[REDACTED] //In sub-Saharan Africa, East Germany believes that it can stabilize leftist regimes through the trade and aid mechanism and has followed the USSR into African countries that have opted for a Marxist-type system. Ethiopia accounts for \$200 million of East Germany's \$210 million of aid commitments to sub-Saharan Africa this year. East Germany has emphasized technical and military assistance to the Marxist regimes in Angola and Mozambique. [REDACTED]

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#### BRIEFS

##### Syria-USSR

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[REDACTED] TASS announced on Sunday that Syrian President Assad will visit Moscow "early in October." Assad is currently in East Germany, and he may travel directly to the USSR after his visit in East Berlin ends tomorrow. Assad is seeking support for the Arab Steadfastness Front that opposes the Camp David agreements. The Arabs who formed the Front last month appointed Assad to inform the Soviets of their views. [REDACTED]

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[REDACTED]

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Djibouti

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[ ] President Gouled of Djibouti, who dissolved his troubled government two weeks ago, has preserved the delicate tribal balance between the antagonistic Afar and Issa communities in a new cabinet announced yesterday. Gouled, however, has disappointed many of those hoping for new initiatives and leadership for the beleaguered country by appointing an uninspiring old-line Afar politician as Prime Minister.

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[ ] Gouled probably believes the new Prime Minister, Barkat Gourad, poses no political threat because Barkat is not believed to have serious political ambitions. Barkat has a reputation as a playboy and has strong connections with France where he still holds an honorary seat in the French Senate won prior to Djibouti's independence.

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[ ] There is already some speculation in Djibouti that the new government will be short-lived. [ ]

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